

**Jamaican Teas Limited**  
**Consolidated Financial Statements**  
**30 September 2023**

# Jamaican Teas Limited

Index  
30 September 2023

---

## Page

### **Independent Auditors' Report to the Members**

### **Financial Statements**

Consolidated statement of financial position	1
Consolidated statement of comprehensive income	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4 – 5
Company statement of financial position	6
Company statement of comprehensive income	7
Company statement of changes in equity	8
Company statement of cash flows	9
Notes to the financial statements	10 – 86

## **INDEPENDENT AUDITORS' REPORT**

To the Members of  
Jamaican Teas Limited

### **Report on the audit of the consolidated and stand-alone financial statements**

#### **Our opinion**

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Jamaican Teas Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 30 September 2023, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

#### **What we have audited**

Jamaican Teas Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 30 September 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 30 September 2023;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **INDEPENDENT AUDITORS' REPORT (continued)**

To the Members of  
Jamaican Teas Limited  
Page 2

### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### **Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### **Other matter**

The financial statements of Jamaican Teas Limited for the year ended 30 September 2022, were audited by another firm of auditors who expressed an unmodified opinion on those statements on 26 January 2023.

#### **Our audit approach**

##### **Audit scope**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

##### **How we tailored our Group audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Our 2023 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

The Group's businesses are organised into four primary segments being Manufacturing, Retailing, Real estate and Investment operations. These entities maintain their own accounting records.

In establishing the overall Group audit strategy and plan, we determined the type of work that was needed to be performed at the components by the Group engagement team and component auditors.

**INDEPENDENT AUDITORS' REPORT (continued)**

To the Members of  
Jamaican Teas Limited  
Page 3

**Report on the audit of the consolidated and stand-alone financial statements (continued)**

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the audit addressed the key audit matters
<p><b><i>Measurement of Expected Credit Losses</i></b></p> <p>The Group recognises expected credit losses (ECL) on financial assets measured at amortized cost. The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information.</p> <p>The combination of significant management estimates and judgement increases the risk that management estimates could be materially misstated.</p> <p>See notes 3(a), 4(i) and 13 of the financial statements.</p>	<p>The audit procedures in response to this matter included:</p> <ul style="list-style-type: none"> <li>❖ Assessed the effectiveness of the design and implementation of controls.</li> <li>❖ Obtained an understanding of the model used by management for the calculation of expected credit losses accounts receivables</li> <li>❖ Tested the completeness and accuracy of the data used in the model to the underlying accounting records.</li> <li>❖ Assessed the appropriateness of the Group’s impairment methodology, management assumptions and compliance with the requirement of IFRS 9, <i>Financial Instruments</i>.</li> <li>❖ Assessed the appropriateness of economic parameters including the use of forward-looking information.</li> <li>❖ Tested the accuracy of Group’s ageing of accounts receivables.</li> <li>❖ Tested the accuracy of the ECL calculation.</li> <li>❖ Assessed the adequacy of the disclosures in the financial statements of key assumptions and judgements as well as of the Group’s exposure to credit risk and measurement of allowances for ECL.</li> </ul>

## **INDEPENDENT AUDITORS' REPORT (continued)**

To the Members of  
Jamaican Teas Limited  
Page 4

### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### **Key audit matters (continued)**

<b>Key audit matters</b>	<b>How the audit addressed the key audit matters</b>
<p><b><i>Valuation of investment securities</i></b></p> <p>The Group holds significant investments in equity securities listed on multiple stock exchanges totalling \$2,007,329,202 (2022: \$1,980,637,000) as at the current reporting year end. The company primarily uses quoted mid prices to value these investments.</p> <p>The valuation of these investments, although based on observable market prices; continues to suffer from increased volatility and/or decline in trading activities for certain shares, as a result of macro-economic factors.</p> <p>Reduction in trading has also resulted in some listed shares having a wider gap between the bid and ask prices which may indicate that the shares are not actively trading.</p> <p>Judgement is therefore required to determine whether the quoted prices used by management represents prices from an active market and, where mid prices are used; whether a wide gap between the bid and ask prices is an indication of an active market.</p> <p>See notes 4(i), 4(v) and 11 of the financial statements.</p>	<p>The audit procedures in response to this matter included:</p> <ul style="list-style-type: none"> <li>❖ Assessed and tested the design and implementation of the company's control over the determination and computation of fair values.</li> <li>❖ Reperformed fair value calculations and assessed the reasonableness of prices used by the company by comparing to independent third-party information, including assessing whether prices used fell within the bid ask spread, as required by the financial reporting framework.</li> <li>❖ For selected stocks, evaluated the volume of trade for the securities held by the company at year end, through information directly from the stock exchange and/or pricing services, to determine whether these were actively traded.</li> <li>❖ Assessed the adequacy of the disclosure and determine if such disclosures demonstrate the key judgements as required by the applicable financial reporting framework.</li> <li>❖ Assessed whether there is a wide gap of 10 percent between the bid and the ask prices through information directly from the stock exchange and/or pricing services. For securities with identified wide gap, we evaluated trading volumes and price gaps from the pricing source over an extended period i.e., one month before and after the year end to assess whether these securities have an active market.</li> </ul>

## **INDEPENDENT AUDITORS' REPORT (continued)**

To the Members of  
Jamaican Teas Limited  
Page 5

### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### **Other information**

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### ***Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements***

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

## **INDEPENDENT AUDITORS' REPORT (continued)**

To the Members of  
Jamaican Teas Limited  
Page 6

### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### ***Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.



## **INDEPENDENT AUDITORS' REPORT (continued)**

To the Members of  
Jamaican Teas Limited  
Page 7

### **Report on the audit of the consolidated and stand-alone financial statements (continued)**

#### ***Auditors' responsibilities for the audit of the consolidated and stand-alone financial statements (continued)***

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and stand-alone financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT (continued)**

To the Members of  
Jamaican Teas Limited  
Page 8

**Report on the audit of the consolidated and stand-alone financial statements (continued)*****Report on other legal and regulatory requirements***

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditors' report is Wayne Strachan.

**Chartered Accountants**

Kingston, Jamaica


31 December 2023

# Jamaican Teas Limited

## Consolidated Statement of Financial Position As at 30 September 2023

	Note	<u>2023</u> \$'000	<u>2022</u> \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	912,809	835,891
Investment properties	6	426,720	294,399
Intangible assets	7	9,200	9,414
Right-of-use asset	10	6,601	13,202
Investment securities	11	2,007,329	1,980,637
		<u>3,362,659</u>	<u>3,133,543</u>
<b>Current assets</b>			
Inventories	12	1,398,526	1,191,916
Receivables	13	393,319	530,406
Taxation recoverable		369	317
Cash and short-term deposits	14	63,075	83,173
		<u>1,855,289</u>	<u>1,805,812</u>
<b>TOTAL ASSETS</b>		<u><u>5,217,948</u></u>	<u><u>4,939,355</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	264,942	261,342
Capital reserves	16	151,301	138,878
Revaluation reserves	17	341,100	255,247
Retained earnings		2,217,589	2,002,466
		<u>2,974,932</u>	<u>2,657,933</u>
<b>Non-controlling interest</b>	18	1,064,207	1,105,516
		<u>4,039,139</u>	<u>3,763,449</u>
<b>Non-current liabilities</b>			
Long-term loans	19	291,602	564,423
Lease liability	10	2,454	8,198
Deferred tax liabilities	20	97,153	86,419
		<u>391,209</u>	<u>659,040</u>
<b>Current liabilities</b>			
Payables	21	295,339	346,550
Short-term loans	22	109,655	115,809
Current portion of long-term loans	19	90,878	27,119
Current portion of lease liability	10	6,600	6,600
Taxation payable		32,567	20,788
Bank overdraft	23	252,561	-
		<u>787,600</u>	<u>516,866</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>5,217,948</u></u>	<u><u>4,939,355</u></u>

Approved for issue by the Board of Directors on 31 December 2023 and signed on its behalf by:

  
\_\_\_\_\_  
John Jackson Director

  
\_\_\_\_\_  
John Mahfood Director

# Jamaican Teas Limited

## Consolidated Statement of Comprehensive Income Year ended 30 September 2023

	Note	2023 \$'000	2022 \$'000
<b>Operating revenue</b>	24	2,697,258	2,468,954
Cost of operating revenue	25(a)	<u>(2,121,223)</u>	<u>(1,925,956)</u>
<b>Gross profit</b>		576,035	542,998
Fair value gains from revaluation of investments fair value through profit and loss		41,268	10,960
Other income	26	<u>75,662</u>	<u>71,935</u>
		<u>692,965</u>	<u>625,893</u>
Administrative expenses	25(b)	(379,158)	(346,862)
Selling and distribution expenses	25(c)	(51,258)	(37,960)
Impairment recoveries on expected credit losses	3(a)	<u>15,339</u>	<u>5,831</u>
		<u>(415,077)</u>	<u>(378,991)</u>
<b>Operating profit</b>	27	277,888	246,902
Finance costs – loans and leases		<u>(64,756)</u>	<u>(50,261)</u>
<b>Profit before taxation</b>		213,132	196,641
Taxation	29	<u>(26,895)</u>	<u>(34,057)</u>
<b>Net profit</b>		<u>186,237</u>	<u>162,584</u>
<b>Net profit attributable to:</b>			
Stockholders of the company		227,546	193,948
Non-controlling interests		<u>(41,309)</u>	<u>(31,364)</u>
		<u>186,237</u>	<u>162,584</u>
<b>Other comprehensive income:</b>			
Items that will never be reclassified to profit and loss:			
Surplus on revaluation of land and buildings		114,471	340,329
Related tax on revaluation of land and buildings		<u>(28,618)</u>	<u>(85,082)</u>
		<u>85,853</u>	<u>255,247</u>
<b>Total comprehensive income</b>		<u>272,090</u>	<u>417,831</u>
<b>Total comprehensive income attributable to:</b>			
Stockholders of the company		313,399	449,195
Non-controlling interest	18	<u>(41,309)</u>	<u>(31,364)</u>
		<u>272,090</u>	<u>417,831</u>
<b>Earnings per share:</b>			
Basic earnings per share	31	<u>\$0.11</u>	<u>\$0.09</u>
Diluted earnings per share	31	<u>\$0.10</u>	<u>\$0.08</u>

## Jamaican Teas Limited

### Consolidated Statement of Changes in Equity Year ended 30 September 2023

	<u>Attributable to stockholders of the company</u>						<b>Total Equity</b>
	<b>Share Capital</b>	<b>Capital Reserves</b>	<b>Revaluation Reserves</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Non- controlling Interest</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>Balance at 1 October 2021</b>	241,344	110,939	-	(63,297)	1,787,918	1,213,677	3,290,581
Net profit	-	-	-	-	193,948	(31,364)	162,584
Other comprehensive income being surplus on revaluation of land and building, net of tax (Note 17)	-	-	255,247	-	-	-	255,247
Transfer of franked income from retained earnings	-	27,939	-	-	(27,939)	-	-
<b>Transactions with owners:</b>							
Share options exercised [(Note 15(a))]	19,998	-	-	-	-	-	19,998
Dividends paid (Note 32)	-	-	-	-	-	(26,715)	(26,715)
Sale of treasury shares	-	-	-	63,297	48,539	-	111,836
	261,342	138,878	255,247	-	2,002,466	1,155,598	3,813,531
<b>Change in ownership interest:</b>							
Reduction in non-controlling interest						(50,082)	(50,082)
<b>Balance at 30 September 2022</b>	261,342	138,878	255,247	-	2,002,466	1,105,516	3,763,449
Net profit					227,546	(41,309)	186,237
Other comprehensive income being surplus on revaluation of land and building, net of tax (Note 17)	-	-	85,853	-	-	-	85,853
Transfer of franked income from retained earnings	-	12,423	-	-	(12,423)	-	-
<b>Transactions with owners:</b>							
Shares options exercised [(Note 15(a))]	3,600	-	-	-	-	-	3,600
<b>Balance at 30 September 2023</b>	264,942	151,301	341,100	-	2,217,589	1,064,207	4,039,139

# Jamaican Teas Limited

## Consolidated Statement of Cash Flows Year ended 30 September 2023

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit for the year	186,237	162,584
Adjustments for:		
Fair value gain on investment properties	(35,259)	(30,060)
Gain on sale of property, plant and equipment	-	(534)
Loss on sale of investment property	-	1,543
Loss on disposal of intangible assets	-	605
Gain on foreign exchange	(14,555)	(684)
Fair value gain on investments	(41,268)	(10,960)
Expected credit losses	(15,339)	(5,831)
Loss on sale of investment securities	25,206	7,305
Depreciation – property, plant and equipment	48,808	33,825
Depreciation – right-of-use assets	6,601	6,601
Amortisation – intangible assets	2,430	1,692
Bad debt expenses	6,901	7,554
Interest expense	63,900	48,666
Interest on lease liability	856	1,595
Interest income	(1,324)	(1,633)
Dividend income	(44,389)	(39,418)
Taxation	26,895	34,057
Operating cashflows before changes in operating assets and liabilities:	215,700	216,907
Changes in operating assets and liabilities:		
Increase in inventories	(206,610)	(525,886)
Decrease/(increase) in receivables	153,092	(138,148)
(Decrease)/increase in payables	(52,227)	161,865
	109,955	(285,262)
Tax paid	(33,052)	(41,334)
Net cash provided by/(used in) operating activities	76,903	(326,596)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase)/sale of investment securities, net	(10,630)	161,680
Proceeds from disposal of property, plant and equipment	-	1,822
Proceeds on disposal of investment property	-	63,457
Purchase of investment properties	(3,340)	(11,338)
Purchase of property, plant and equipment	(104,979)	(158,737)
Purchase of intangible assets	(2,216)	(9,522)
Interest received	1,324	1,633
Dividends received	44,389	39,418
Net cash (used in)/provided by investing activities	(75,452)	88,413
<b>Balance carried forward</b>	1,451	(238,183)

# Jamaican Teas Limited

## Consolidated Statement of Cash Flows Year ended 30 September 2023

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Balance brought forward</b>	1,451	(238,183)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from share issue, net	3,600	19,998
Treasury shares sold by subsidiary	-	111,836
Long and short-term borrowings, net	(215,216)	132,622
Acquisition of non-controlling interest	-	(50,082)
Lease payment	(6,600)	(6,600)
Interest paid	(63,900)	(48,666)
Dividends and distributions	-	(26,715)
Net cash (used in)/ provided by financing activities	<u>(282,116)</u>	<u>132,393</u>
Net decrease in cash and cash equivalent	(280,665)	(105,790)
Effect of foreign exchange on cash and cash equivalents	8,006	684
Cash and cash equivalents at beginning of year	83,173	188,279
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>(189,486)</u>	<u>83,173</u>
<b>Represented by:</b>		
Cash and short-term deposits	63,075	83,173
Bank overdraft	(252,561)	-
	<u>(189,486)</u>	<u>83,173</u>

# Jamaican Teas Limited

## Company Statement of Financial Position As at 30 September 2023

	Note	<u>2023</u> \$'000	<u>2022</u> \$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	683,841	550,548
Intangible assets	7	4,255	3,550
Investments in subsidiaries	8	419,278	419,268
Due from subsidiaries	9	1,163,399	899,055
Right-of-use asset	10	6,601	13,202
		<u>2,277,374</u>	<u>1,885,623</u>
<b>Current assets</b>			
Inventories	12	570,842	582,830
Receivables	13	343,319	411,642
Cash and short-term deposits	14	32,783	29,593
		<u>946,944</u>	<u>1,024,065</u>
<b>TOTAL ASSETS</b>		<u>3,224,318</u>	<u>2,909,688</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	264,942	261,342
Capital reserves	16	19,910	19,910
Revaluation reserves	17	252,751	185,649
Retained earnings		2,017,576	1,775,179
		<u>2,555,179</u>	<u>2,242,080</u>
<b>Non-current liabilities</b>			
Long-term loans	19	142,457	172,980
Lease liability	10	2,454	8,198
Deferred tax liabilities	20	104,905	87,170
		<u>249,816</u>	<u>268,348</u>
<b>Current liabilities</b>			
Payables	21	139,182	234,371
Short-term loans	22	109,125	115,488
Current portion of long-term loans	19	37,709	27,119
Current portion of lease liability	10	6,600	6,600
Taxation payable		25,772	15,682
Bank overdraft	23	100,935	-
		<u>419,323</u>	<u>399,260</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,224,318</u>	<u>2,909,688</u>

Approved for issue by the Board of Directors on 31 December 2023 and signed on its behalf by:

  
\_\_\_\_\_  
John Jackson Director

  
\_\_\_\_\_  
John Mahfood Director



## Jamaican Teas Limited

### Company Statement of Comprehensive Income Year ended 30 September 2023

	Note	2023 \$'000	2022 \$'000
<b>Operating revenue</b>	24	1,957,805	1,855,936
Cost of operating revenue	25(a)	(1,501,109)	(1,404,814)
<b>Gross profit</b>		456,696	451,122
Other income	26	39,947	47,538
		496,643	498,660
Administrative expenses	25(b)	(244,391)	(226,631)
Selling and distribution expenses	25(c)	(46,053)	(34,262)
Impairment recoveries on expected credit losses	3(a)	93,865	5,831
		(196,579)	(255,062)
<b>Operating profit</b>	27	300,064	243,598
Finance costs, loans		(27,357)	(21,746)
Finance costs, leases		(856)	(1,595)
Finance costs, loans and leases		(28,213)	(23,341)
<b>Profit before taxation</b>		271,851	220,257
Taxation	29	(29,454)	(51,782)
<b>Net profit</b>		242,397	168,475
<b>Other comprehensive income:</b>			
Items that will never be reclassified to profit and loss:			
Surplus on revaluation of land and buildings		89,469	247,532
Related tax on revaluation of land and buildings		(22,367)	(61,883)
		67,102	185,649
<b>Total comprehensive income</b>		309,499	354,124

## Jamaican Teas Limited

### Company Statement of Changes in Equity Year ended 30 September 2023

	<b>Share Capital</b>	<b>Capital Reserves</b>	<b>Revaluation Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 October 2021</b>	241,344	7,425	-	1,619,189	1,867,958
Transfer of franked income from retained earnings	-	12,485	-	(12,485)	-
Net profit	-	-	-	168,475	168,475
Other comprehensive income being surplus on revaluation of land and building (Note 17)	-	-	185,649	-	185,649
<b>Transactions with owners:</b>					
Share options exercised [(Note 15(a))]	19,998	-	-	-	19,998
<b>Balance at 30 September 2022</b>	261,342	19,910	185,649	1,775,179	2,242,080
Net profit	-	-	-	242,397	242,397
Other comprehensive income being surplus on revaluation of land and building (Note 17)	-	-	67,102	-	67,102
<b>Transactions with owners:</b>					
Share options exercised [(Note 15(a))]	3,600	-	-	-	3,600
<b>Balance at 30 September 2023</b>	264,942	19,910	252,751	2,017,576	2,555,179

# Jamaican Teas Limited

## Company Statement of Cash Flows Year ended 30 September 2023

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit for the year	242,397	168,475
Adjustments for:		
Gain on disposal of property, plant and equipment	-	(534)
Loss on disposal of investment property	-	1,543
Foreign exchange gain/(loss)	(16,996)	301
Impairment recoveries on expected credit losses	(93,865)	(5,831)
Depreciation – property, plant and equipment	44,866	28,207
Amortisation – right-of-use assets	6,601	6,601
Amortisation – intangible assets	974	475
Bad debt expenses	6,901	7,554
Interest expense	27,357	21,746
Interest on lease liabilities	856	1,595
Interest income	(66)	(3,180)
Dividend income	-	(12,485)
Taxation	29,454	51,782
Operating profit before change in operating assets and liabilities	<u>248,479</u>	<u>266,249</u>
Changes in operating assets and liabilities:		
Decrease/(increase) in inventories	11,988	(245,173)
Decrease/(increase) in receivables	84,327	(75,621)
Increase in due from subsidiaries	(185,818)	(204,541)
(Decrease)/increase in payables	<u>(96,205)</u>	<u>112,150</u>
Interest paid	<u>(27,357)</u>	<u>(21,746)</u>
Cash generated from operations	<u>35,414</u>	<u>(168,682)</u>
Tax paid	<u>(23,996)</u>	<u>(48,200)</u>
Net cash provided by/(used in) operating activities	<u>11,418</u>	<u>(216,882)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposal of property, plant and equipment	-	1,800
Proceeds from disposal of investment properties	-	63,457
Purchase of property, plant and equipment	(88,690)	(45,917)
Purchase of intangible assets	(1,679)	(3,019)
Investment in subsidiary companies	(10)	(45,185)
Interest received	66	117
Dividend received	-	12,485
Net cash used by investing activities	<u>(90,313)</u>	<u>(16,262)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from share issue, net	3,600	19,998
Long and short-term borrowings, net	(26,296)	82,860
Lease payment	<u>(6,600)</u>	<u>(6,600)</u>
Net cash (used in)/ provided by financing activities	<u>(29,296)</u>	<u>96,258</u>
Net decrease in cash and cash equivalents	(108,191)	(136,886)
Effect of foreign exchange on cash and cash equivalents	10,446	(301)
Cash and cash equivalents at the beginning of the year	<u>29,593</u>	<u>166,780</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>(68,152)</u>	<u>29,593</u>
<b>Represented by:</b>		
Cash and short-term deposits	32,783	29,593
Bank overdraft	<u>(100,935)</u>	<u>-</u>
	<u>(68,152)</u>	<u>29,593</u>

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 1. Identification and principal activities

Jamaican Teas Limited (“the company”) was incorporated in 1967 and is domiciled in Jamaica. The company has been listed on the Junior Market of the Jamaica Stock Exchange (JSE) since July 3, 2010. The company’s registered office located at 2 Bell Road, Kingston 11, Jamaica. These financial statements comprise the company and its subsidiaries collectively referred to as “the Group”.

The principal activities of the Company are the manufacture and distribution of various teas and other consumer products to local and export markets. The Company’s subsidiaries are involved in real estate, investments and retail.

These financial statements present the results of operations and financial positions of the Company and its subsidiaries, which are referred to as “the Group”; the subsidiaries are as follows:

Subsidiaries	Principal Activities	Proportion of ordinary shares held by the Group	
		2023	2022
LTJ Managers Limited	Real Estate	100%	100%
H. Mahfood & Sons Limited	Real Estate	100%	100%
H. Mahfood & Sons 2020 Limited	Real Estate	100%	100%
KIW International Limited (a)	Holding Company	53.91%	53.91%
QWI Investments Limited (b)	Investments	36.07%	36.07%
Bay City Foods Limited	Retail Distribution	100%	100%
Caribbean Dreams Foods Limited	Manufacturing	100%	-

(a) During 2022, KIW International Limited bought back 74,576 of its own shares and Jamaican Teas Limited increased its shareholding by 614,933 shares.

(b) QWI Investments Limited issued 66% of its ordinary shares to the public on September 9, 2019 in an initial public offering and was listed on the Jamaica Stock Exchange on September 30, 2019. QWI Investments Limited’s remaining shares are held by Jamaican Teas Limited and KIW International Limited.

During 2022, Jamaican Teas Limited purchased additional shares in the subsidiary and increased its shareholding from 236,661,533 shares to 309,264,832 shares as at September 30, 2022.

(c) Caribbean Dreams Foods Limited, a new subsidiary, was incorporated on 10 August 2021. During the year it issued 10,000 new shares to Jamaican Teas Limited (Note 8).

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

#### (a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board. They have been prepared under the historical cost convention, except for quoted investments, investment properties and land and building which are measured at fair value. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements are presented in Jamaican dollars, which is the functional currency of the Group, rounded to the nearest thousand, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in Note 4.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

##### **Standards and amendments to published standards effective in the current year that are relevant to the Group's operations**

The following amendments to standards which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 January 2022, have been adopted by the Group for the first time:

**Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)** (effective for annual periods beginning on or after 1 January 2022) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

**Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)**, (effective for annual periods beginning on or after 1 January 2022) specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

**Annual Improvements to IFRS Standards 2018–2020** are effective for annual reporting periods beginning on or after 1 January 2022. The IASB issued its Annual Improvements to IFRSs 2015-2017 cycle amending a number of standards:

- **IFRS 9 'Financial Instruments' - Fees in the '10 per cent' test for derecognition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 'Leases' - Lease incentives.** The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments did not result in any material effect on the Group's financial statements.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

##### **Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group**

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

**The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1** (effective for annual periods beginning on or after 1 January 2023) affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30 September 2023. A subsidiary is an entity controlled by the company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policy in line with the Group's accounting policy. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated to the extent of the Group's interest in the subsidiary.

#### *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### *Disposal of subsidiaries*

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.



# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (c) Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company and Group will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis.

Management has assessed that the Company and Group have the ability to continue as a going concern and has prepared the financial statements on the going concern basis.

The basis of preparation presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

#### (d) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

The Group has identified the following four (4) operating segments: manufacturing, retailing, real estate, and investments.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (e) Property, plant and equipment:

##### (i) Recognition and measurement:

During 2022, at the request of the Board of Directors, the Group changed its accounting policy for freehold land and buildings from the cost model to the fair value model. This change in accounting policy did not require a restatement of comparative figures in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and IAS 16, *Property, Plant and Equipment*. Management relied on valuation done by independent registered valuers.

Land and buildings are stated at valuation less subsequent depreciation in these financial statements. All other categories of property, plant and equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any.

Any revaluation increase arising on the revaluation of land and buildings is credited to capital reserves through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in reserves relating to a previous revaluation of such assets.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the company.

**Jamaican Teas Limited****Notes to the Financial Statements  
30 September 2023**

---

**2. Summary of significant accounting policies (continued)****(e) Property, plant and equipment (continued)****(iii) Depreciation:**

Depreciation is computed on the straight-line basis at annual rates estimated to write down the assets to their estimated residual values at the end of their expected useful lives. The depreciation rates are as follows:

Plant and equipment	10%
Furniture and fixtures	10%
Motor vehicles	20%
Computer	20%
Buildings	2½%
Leasehold improvements - shorter of lease and useful lives	

The residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

**(iv) De-recognition:**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (f) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investment securities, trade and other receivables, cash and cash equivalents and due from subsidiaries. Financial liabilities comprise long-term loans, margin loan payable, trade and other payables, due to subsidiary, short-term borrowings and bank overdraft.

#### (i) Recognition and initial measurement

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the Group measures a financial asset or financial liability at its fair value, plus or minus; in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

#### (ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

The financial assets that meet both of the conditions in a) and b) below, and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as “held to collect” and measured at amortised cost.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (f) Financial instruments (continued)

##### (ii) Classification and subsequent measurement (continued)

Amortised cost represents the net present value (“NPV”) of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Investments
- Trade and other receivables
- Due from subsidiaries

The Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The realised gains from financial instruments at FVTPL represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transactions price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current period, and its carrying amount at the end of the reporting period.

Fair value gains and losses from revaluation of equity securities at FVTPL are presented separately in the statement of profit or loss.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (f) Financial instruments (continued)

##### (ii) Classification and subsequent measurement (continued)

###### Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities that are funding these assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (f) Financial instruments (continued)

##### (ii) Classification and subsequent measurement (continued)

###### Business model assessment (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 2. Summary of significant accounting policies (continued)

##### (f) Financial instruments (continued)

###### (ii) Classification and subsequent measurement (continued)

###### Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The Group's financial liabilities, which includes long-term loans, trade and other payable, margin loan payable, due to subsidiary, short-term borrowings and bank overdraft are recognised initially at fair value.

###### Financial assets and liabilities – subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

###### (iii) Derecognition

###### Financial asset and liabilities

###### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

###### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.



# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (f) Financial instruments (continued)

##### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from company of similar transactions such as in the Group's trading activities.

#### (g) Investment properties

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

#### (h) Intangible assets

##### Computer software

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of five (5) years for software on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 2. Summary of significant accounting policies (continued)

##### (i) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”, in this case, “the Group”).

- (a) A person or a close member of that person’s family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
  
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Group has related party relationships with the company’s and subsidiaries’ directors, and with its executive officers.

##### (j) Investment in subsidiary companies

Investments in subsidiary companies are measured at cost.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units).

#### (l) Inventories

Inventories are stated at the lower of cost and net realizable value, cost being determined on the weighted average cost method. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

Housing development under construction, included in inventory, includes the cost of land, construction materials, labour, borrowing cost and an appropriate proportion of overhead costs.

#### (m) Trade and other receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for expected credit loss (ECL) of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of this ECL allowance, and the amount of the loss is recognized in Bad Debt expense in the statement of profit or loss. When trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as recovery and credited to bad debt expense in the statement of profit or loss.

Prepayments are partial or full settlements of debt or expenses before the contractually obligated due date, this includes advances and deposits.

#### (n) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits with maturity of three months or less from the date of placement and are measured at amortised cost.

Bank overdrafts are an integral part of the Group's cash management for financial operations and are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (o) Share capital and share-based payment arrangements

##### (i) Share capital:

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue to the extent that their costs are directly attributable to the issue of the shares.

##### (ii) Share-based payment arrangements:

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense or asset, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense or asset is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### (p) Dividends and distributions

Dividends on ordinary shares and capital distributions are recognised in equity in the period in which they are declared.

Interim dividends payable to shareholders are approved by the directors while final dividends have to be approved by the equity shareholders at the Annual General Meeting. Dividends and capital distributions for the year that are declared after the reporting date are dealt with in the subsequent period, and disclosed.

#### (q) Trade and other payables

Trade and other payables are measured at amortised cost.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 2. Summary of significant accounting policies (continued)

##### (r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

##### (s) Revenue

Performance obligations and revenue recognition policies:

Revenue is measured at the fair value of the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of product or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Packaged teas for export and domestic sales and retail products.	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated at that point in time.	Revenue is recognised at the point in time when the goods are delivered and have been accepted by customers.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 2. Summary of significant accounting policies (continued)

##### (s) Revenue (continued):

Type of product or service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
	<p>Invoices are usually payable within 30 days.</p> <p>Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.</p> <p>The company gives rebates to select customers based on the volume of purchase made. Rebates are included in other payables and payments are made to the customers.</p>	<p>For the sale of retail products, the Group issues loyalty points to customers who are members of the company's loyalty card programme. The amount allocated to the loyalty points is expensed on issuance and is recognised as revenue when the loyalty points are redeemed or have expired.</p> <p>Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods is recognised.</p>
Sale of real estate	The customer obtains control of housing units when the units have been delivered.	Revenue is recognised at the point in time for units <i>under contract</i> when practical completion of the housing units is independently verified by a quantity surveyor or architect.
Rental income	Invoices are issued according to contract terms and are payable within 30 days.	Revenue is recognised over time as the customer benefits from occupying the property.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (t) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

#### (u) Foreign currencies:

Foreign currency balances at the reporting date are translated at the exchange rates ruling at that date. Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movement in the relevant balances.

#### (v) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss using the effective interest method.

## **Jamaican Teas Limited**

### **Notes to the Financial Statements 30 September 2023**

---

#### **2. Summary of significant accounting policies (continued)**

##### **(w) Determination of fair value:**

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at the date.

The Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions from the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at the mid and closing price, because these prices provides a reasonable approximation of the exit price.

##### **(x) Employee benefits:**

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, annual vacation leave and non-monetary benefits such as post-employment benefits related to pension.

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

##### **(i) Short-term employee benefits:**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

##### **(ii) Defined contribution plans:**

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### **(y) Expenses:**

Expenses are recognised in profit or loss on the accrual basis.



## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 2. Summary of significant accounting policies (continued)

##### (z) Right-of-use assets and lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- (i) Leases of low value assets; and
- (ii) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- (i) amounts expected to be payable under any residual value guarantee;
- (ii) the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option;
- (iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the Group:

- (i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
- (ii) makes adjustments specific to the lease, e.g. term, currency and security.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- (i) lease payments made at or before commencement of the lease;
- (ii) initial direct costs incurred; and
- (iii) the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 2. Summary of significant accounting policies (continued)

#### (z) Right-of-use assets and lease liabilities (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued as US\$5,000 or less when new. The Group has no short-term leases or leases for low valued assets at this time.)

#### Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 2. Summary of significant accounting policies (continued)

##### (z) Right-of-use assets and lease liabilities (continued)

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

#### **Audit Committee**

The Board of Directors has also established an Audit Committee to assist in managing the Group's risk profile. This Committee oversees how management monitors compliance with the Group's risk management policies and reviews the adequacy of the risk management framework.

#### **(a) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

#### **Risk management**

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 3. Financial risk management (continued)

##### (a) Credit risk (continued)

Management determines concentrations of credit risk by monitoring the credit-worthiness rating of existing customers and through a monthly review of the trade receivables ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

##### **Security**

The Group and the Company do not hold any collateral as security.

##### **Due from related parties**

All related party transactions are preauthorized and approved by management during the budgeting process and subsequently in the normal course of business.

##### **Cash and cash equivalents**

The risk is managed in line with the Group's policy. Excess funds are invested for short periods of time, depending on the Group's cash flow requirement. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

##### **Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The Group does not require collateral in respect of trade and other receivables.

Trade receivables mainly consist of balances due from retail distributors within and outside Jamaica. The Group considers that it has concentration of credit risk with one (2022: one) customer who is a related party, Amalgamated Distributors Limited (Note 13) and the maximum exposure to credit risk is represented by the carrying amount of each financial asset. As at September 30, 2023, amounts receivable from the customer aggregated \$47,903,000 (2022: \$66,859,000). This represents 14% and 16% (2022: 19% and 16%), respectively of the trade receivables of the Group and the company. The counterparty is considered to be creditworthy and balances due are routinely collected within credit periods.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (a) Credit risk (continued)

Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

The Group uses a provision matrix to measure ECLs on trade and other receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade and other receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

On that basis, the loss allowance as at 30 September 2023 and 30 September 2022 was determined as follows for trade receivables:

##### The Group

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 September 2023</b>					
Expected loss rate	0.45%	1.13%	2.16%	5.33%	0.95%
Gross carrying amount – trade receivables	293,847	27,972	17,061	27,124	366,004
Loss allowance	1,330	316	369	1,445	3,460
<b>30 September 2022</b>					
Expected loss rate	0.62%	1.18%	2.57%	16.68%	4.70%
Gross carrying amount – trade receivables	214,960	47,226	41,181	94,554	397,921
Loss allowance	1,338	633	1,057	15,771	18,799

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (a) Credit risk (continued)

Expected credit loss assessment (continued)

<b>The Company</b>					
		<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
<b>30 September 2023</b>	<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected loss rate	0.53%	1.13%	2.16%	5.38%	1.07%
Gross carrying amount – trade receivables	252,518	27,972	17,061	26,854	324,405
Loss allowance	1,330	316	369	1,445	3,460
<b>30 September 2022</b>	<b>Current</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected loss rate	0.64%	1.34%	2.57%	16.68%	4.80%
Gross carrying amount – trade receivables	208,891	47,226	41,181	94,554	391,852
Loss allowance	1,338	633	1,057	15,771	18,799

Impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss (“ECL”) of the trade accounts receivable and are recognised over their term.

Under this ECL model, the Group uses its trade receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analyses of future delinquency, that is applied to the balance of the trade receivable. The weighted average ECL rates used as at the reporting date to apply against the trade receivable balance are detailed above.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (a) Credit risk (continued)

Expected credit loss assessment (continued)

##### Changes in allowance for impairment losses:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Trade receivables:</b>				
Balance at beginning of year	14,851	18,800	14,851	18,800
Impairment recoveries recognised (Note 25(c))	(11,391)	(3,949)	(11,391)	(3,949)
Balance at end of year	3,460	14,851	3,460	14,851
<b>Other receivables:</b>				
Balance at beginning of year	3,948	5,830	3,948	5,830
Impairment recoveries recognised (Note 25(c))	(3,948)	(1,882)	(3,948)	(1,882)
Balance at end of year	-	3,948	-	3,948
Total allowance for impairment losses	3,460	18,799	3,460	18,799
<b>Related Party Balance:</b>				
Balance at beginning of year	-	-	78,526	78,526
Impairment recoveries recognised (Note 25(c))	-	-	(78,526)	-
Balance at end of year	-	-	-	78,526



## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (b) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at or close to, its fair value.

##### Liquidity risk management process

The Group's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (i) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (ii) Maintaining committed lines of credit;
- (iii) Optimising cash returns on investments.

##### Undiscounted cash flows of financial liabilities

The maturity profile of the Group's financial liabilities at year end on contractual undiscounted payments was as follows:

##### The Group:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
	<b>2023</b>				
	\$'000	\$'000	\$'000	\$'000	\$'000
Long term loans	14,766	217,233	169,686	401,686	382,480
Lease liabilities	1,950	5,850	2,454	10,254	9,054
Payables	295,339	-	-	295,339	295,339
Short-term loans	109,655	-	-	109,655	109,655
Bank overdraft	252,561	-	-	252,561	252,561
	<b>674,271</b>	<b>223,083</b>	<b>172,140</b>	<b>1,069,495</b>	<b>1,049,089</b>
	<b>2022</b>				
	\$'000	\$'000	\$'000	\$'000	\$'000
Long term loans	15,488	45,239	564,423	625,150	591,542
Lease liabilities	1,950	5,850	7,800	15,600	14,798
Payables	346,550	-	-	346,550	346,550
Short-term loans	115,809	-	-	115,809	115,809
	<b>479,797</b>	<b>51,089</b>	<b>572,223</b>	<b>1,103,109</b>	<b>1,068,699</b>

Assets available to meet all of the liabilities and to cover financial liabilities include cash at bank and in hand and short-term deposits.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (b) Liquidity risk (continued)

##### Undiscounted cash flows of financial liabilities (continued)

The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

##### The Company:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
	<b>2023</b>				
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Long term loans	12,042	36,125	142,456	190,624	180,166
Lease liabilities	1,950	5,850	2,454	10,254	9,054
Payables	139,182	-	-	139,182	139,182
Short-term loans	109,125	-	-	109,125	109,125
Bank overdraft	100,935	-	-	100,935	100,935
	<b>363,234</b>	<b>41,975</b>	<b>144,910</b>	<b>550,120</b>	<b>538,462</b>
	<b>2022</b>				
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Long term loans	15,488	45,239	172,980	233,707	200,099
Lease liabilities	1,950	5,850	7,800	15,600	14,798
Payables	234,371	-	-	234,371	234,371
Short-term loans	115,488	-	-	115,488	115,488
	<b>367,297</b>	<b>51,089</b>	<b>180,780</b>	<b>599,166</b>	<b>564,756</b>

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand.

##### (c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates (see 3(c)(i)) and interest rates (see 3(c)(ii)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which it manages and measures the risk.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (c) Market risk (continued)

##### (i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from exposure primarily to the US dollar. The Group is primarily exposed to such risks arising from transactions for purchases, sales and investments.

The Statement of Financial Position for the Group as at 30 September 2023 includes net foreign assets of US\$4,731,621 (2022: US\$4,153,058) in respect of such transactions arising in the ordinary course of business.

The Statement of Financial Position for the Company as at 30 September 2023 includes net foreign assets of US\$1,362,062 (2022: US\$1,705,292) in respect of such transactions arising in the ordinary course of business.

The following tables demonstrates the sensitivity to fluctuations in the exchange rates of the currencies held by the Group and Company before tax, with all other variables held constant.

##### The Group:

	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
	<b>Effect on Profit and loss and equity</b>			
	Revaluation	Devaluation	Revaluation	Devaluation
	1%	4%	1%	4%
<b>Currency:</b>				
USD	6,484	(25,935)	25,121	(6,280)

##### The Company:

	2023	2023	2022	2022
	\$'000	\$'000	\$'000	\$'000
	<b>Effect on Profit and loss and equity</b>			
	Revaluation	Devaluation	Revaluation	Devaluation
	1%	4%	1%	4%
<b>Currency:</b>				
USD	2,098	(8,394)	2,579	(10,317)

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

---

### 3. Financial risk management (continued)

#### (c) Market risk (continued)

##### (ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

At the reporting date, the Group's financial liabilities subject to interest rates aggregated \$753,656,000 (2022: \$722,150,000). The Group contracts financial liabilities primarily at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

The following table summarises the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

#### The Group:

	1 to 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000 2023	Non- interest bearing \$'000	Total \$'000
<b>Assets</b>					
Investment securities	-	-	-	2,007,329	2,007,329
Receivables	-	-	-	393,319	393,319
Cash and short-term deposits	63,075	-	-	-	63,075
Total financial assets	63,075	-	-	2,400,648	2,463,723
<b>Liabilities</b>					
Long-term loans	11,470	74,409	291,600	-	382,480
Lease liabilities	1,837	5,081	2,136	-	9,054
Payables	-	-	-	295,339	295,339
Short-term loans	109,125	530	-	-	109,655
Bank overdraft	252,561	-	-	-	252,561
Total financial liabilities	374,993	80,020	293,736	295,339	1,049,089
Total interest re-pricing gap	(311,918)	(80,020)	(293,736)	2,105,309	1,414,635

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

##### The Group:

	1 to 3 months	3 to 12 months	1 to 5 years	Non- interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	2022				
<b>Assets</b>					
Investment securities	-	-	-	1,980,637	1,980,637
Receivables	-	-	-	530,406	530,406
Cash and short-term deposits	83,173	-	-	-	83,173
Total financial assets	83,173	-	-	2,511,043	2,594,216
<b>Liabilities</b>					
Long term loans	6,780	20,339	564,423	-	591,542
Lease liabilities	1,650	4,950	8,198	-	14,798
Payables	-	-	-	346,550	346,550
Short term loans	-	115,809	-	-	115,809
Bank overdraft	-	-	-	-	-
Total financial liabilities	8,430	141,098	572,621	346,550	1,068,699
Total interest re-pricing gap	74,743	(141,098)	(572,621)	2,164,493	1,525,517

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

At the reporting date, the company's financial liabilities subject to interest rates aggregated \$399,279,000; (2022: \$330,385,000). The company contracts financial liabilities primarily at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

The following table summarises the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

#### The Company:

	1 to 3 months	3 to 12 months	1 to 5 years	Non- interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	2023				
<b>Assets</b>					
Receivables	-	-	-	343,319	343,319
Due from related parties	-	-	-	1,163,399	1,163,399
Cash and short-term deposits	32,783	-	-	-	32,783
Total financial assets	32,783	-	-	1,506,717	1,539,500
<b>Liabilities</b>					
Long-term loans	9,427	28,282	142,456	-	180,166
Lease liabilities	1,837	5,081	2,136	-	9,054
Payables	-	-	-	139,182	139,182
Short-term loans	109,125	-	-	-	109,125
Bank overdraft	100,935	-	-	-	100,935
Total financial liabilities	221,324	33,363	144,592	139,182	538,462
Total interest re-pricing gap	(188,542)	(33,363)	(144,592)	1,367,535	1,001,038

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 3. Financial risk management (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

##### The Company:

	1 to 3 months	3 to 12 months	1 to 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
	2022				
<b>Assets</b>					
Receivables	-	-	-	411,642	411,642
Due from related parties	-	-	-	899,055	899,055
Cash and short-term deposits	29,593	-	-	-	29,593
Total financial assets	29,593	-	-	1,310,696	1,340,289
<b>Liabilities</b>					
Long-term loans	6,780	20,339	172,980	-	200,099
Lease liabilities	1,650	4,950	8,198	-	14,798
Payables	-	-	-	234,371	234,371
Short-term loans	-	115,488	-	-	115,488
Bank overdraft	-	-	-	-	-
Total financial liabilities	8,430	140,777	181,178	234,371	564,756
Total interest re-pricing gap	21,163	(140,777)	(181,178)	1,076,325	775,533

The Group and Company have no significant sensitivity to interest rate risk as most borrowings are at fixed rates.

##### (iii) Equity price risk

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns.

A 6% (2022: 6%) increase in the market price at the reporting date would cause an increase in the Group's profit or loss and other comprehensive income of \$120,440,000 (2022: \$118,471,000). A 3% (2022: 6%) decrease would cause a decrease in the Group's profit or loss and other comprehensive income of \$60,220,000 (2022: \$118,471,000).



## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 3. Financial Risk Management (continued)

##### (d) Capital management

The policy of the Group's Board of Directors is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business and ensure it continues as a going concern.

The Group considers its capital to be its total equity inclusive of unappropriated profits and capital reserves. The Group's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the Group as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors regularly review the financial position of the Group at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as gross debt divided by total capital. Gross debt is the total of long-term loans, lease liabilities, short-term loans and bank overdraft. Total capital is calculated as equity as shown in the company's statement of financial position plus debt. The gearing ratios at the year-end based on these calculations were as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Debt	753,750	722,149	399,280	330,385
Equity	2,974,932	2,657,933	2,555,179	2,242,080
Total capital	<u>3,728,682</u>	<u>3,380,082</u>	<u>2,954,459</u>	<u>2,572,465</u>
Gearing ratio	20.2%	21.4%	13.5%	12.8%

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 3. Financial risk management (continued)

##### (e) Fair value estimates

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of fair value of a financial instrument. The Group's equities are the only financial instruments that are carried at fair value. Where fair value of financial instruments approximates carrying value, no fair value computation is done and disclosed.

The carrying values reflected in the financial statements for cash and cash equivalents, trade and other receivables, and trade and other payables, are assumed to approximate fair value due to their relatively short-term nature.

The fair value of long-term loans is assumed to approximate carrying value as the loans bear interest at market rates and all other conditions are at market terms.

The fair values of quoted equities are based on the average of the closing bid and offer prices published by the respective Stock Exchanges.

##### *Determination of fair value and fair value hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments listed on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The Group considers relevant and observable market prices in its valuations where possible.

Equity investments are classified as Level 1.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 4. Critical accounting estimates and judgments in applying accounting policies

The Group and Company make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

##### (i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the credit risk note.

##### (ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Group and Company recognise liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

##### (iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group and Company apply a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 4. Critical accounting estimates and judgments in applying accounting policies (continued)

**(iv) Fair value of investment properties and land and buildings**

Investment properties and land and buildings are carried in the statement of financial position at market value. It is the Group's policy to use independent qualified property appraisers to value its realty, generally using the open market value. This approach takes into consideration various assumptions and factors, including the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of properties.

**(v) Valuation of financial instruments**

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group and Company determine fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 5. Property, plant and equipment

#### The Group:

	<b>Land and Buildings</b>	<b>Plant, equipment, furniture, fixtures, and computers</b>	<b>Motor Vehicles</b>	<b>Leasehold improvement</b>	<b>Work-in- Progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>						
<b>1 October 2021</b>	257,020	207,609	36,590	10,504	32,090	543,813
Additions	98,325	26,593	7,842	11,582	14,395	158,737
Revaluation, adjustment	334,595	-	-	-	-	334,595
Transfers	-	7,546	-	-	(7,546)	-
Disposals	-	(3,126)	(2,995)	-	-	(6,121)
<b>30 September 2022</b>	689,940	238,622	41,437	22,086	38,939	1,031,024
Additions	305	83,060	-	7,878	13,736	104,979
Revaluation, adjustment	76,135	-	-	-	-	76,135
Transfers	713	-	-	-	(713)	-
Transfer to investment property	(93,722)	-	-	-	-	(93,722)
<b>30 September 2023</b>	673,371	321,682	41,437	29,964	51,962	1,118,416
<b>Depreciation</b>						
1 October 2021	39,541	110,667	13,823	7,844	-	171,875
Charge for the year	5,734	18,030	7,112	2,949	-	33,825
Revaluation adjustment	(5,734)	-	-	-	-	(5,734)
Eliminated on disposal	-	(1,838)	(2,995)	-	-	(4,833)
<b>30 September 2022</b>	39,541	126,859	17,940	10,793	-	195,133
Charge for the year	9,956	22,395	7,370	9,087	-	48,808
Revaluation adjustment	(38,334)	-	-	-	-	(38,334)
<b>30 September 2023</b>	11,163	149,254	25,310	19,880	-	205,607
<b>Net book value</b>						
30 September 2023	662,208	172,428	16,127	10,084	51,962	912,809
30 September 2022	650,399	111,763	23,497	11,293	38,939	835,891

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 5. Property, plant and equipment (continued)

#### The Company:

	<b>Land and Buildings</b>	<b>Plant, equipment, furniture, fixtures, and computers</b>	<b>Motor Vehicles</b>	<b>Leasehold improvement</b>	<b>Work-in- Progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost:</b>						
<b>1 October 2021</b>	200,846	182,886	36,590	2,064	9,902	432,288
Additions	3,116	21,347	7,842	11,242	2,370	45,917
Revaluation, adjustment	243,202	-	-	-	-	243,202
Transfers	-	7,546	-	-	(7,546)	-
Disposals	-	(3,008)	(2,995)	-	-	(6,003)
<b>30 September 2022</b>	447,164	208,771	41,437	13,306	4,726	715,404
Additions	1,792	79,665	-	7,233	-	88,690
Revaluation, adjustment	51,135	-	-	-	-	51,135
Transfers	713	-	-	-	(713)	-
<b>30 September 2023</b>	500,804	288,436	41,437	20,539	4,013	855,229
<b>Depreciation</b>						
1 October 2021	28,378	101,451	13,823	2,064	-	145,716
Charge for the year	4,330	14,759	7,112	2,006	-	28,207
Revaluation adjustment	(4,330)	-	-	-	-	(4,330)
Eliminated on disposal	-	(1,742)	(2,995)	-	-	(4,737)
<b>30 September 2022</b>	28,378	114,468	17,940	4,070	-	164,856
Charge for the year	9,956	18,738	7,370	8,802	-	44,866
Revaluation adjustment	(38,334)	-	-	-	-	(38,334)
<b>30 September 2023</b>	-	133,206	25,310	12,872	-	171,388
<b>Net book value</b>						
<b>30 September 2023</b>	500,804	155,230	16,127	7,667	4,013	683,841
<b>30 September 2022</b>	418,786	94,303	23,497	9,236	4,726	550,548

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 5. Property, plant and equipment (continued)

The Group's freehold land and buildings are stated at their revalued amounts, being their fair value at date of revaluation less subsequent accumulated depreciation. The fair value measurement was performed on 25 September 2023 by K.B. Real Estate Company Limited, Independent Valuers. K.B. Real Estate Company Limited are members of the Real Estate Board of Jamaica and are licensed to practice appraisals. The fair value of the freehold land and buildings is categorised into Level 3 of the fair value hierarchy. Valuation techniques used in measuring the fair value as well as the significant unobservable inputs used are detailed in note 6 consistent with the approach used to value investment properties.

The net book value of freehold land and buildings under the cost model would have been \$304,407,000 for the Group and \$166,924,000 for the Company. Land and buildings include land at a cost of \$240,209,000 (2022: \$240,209,000) for the Group and \$115,000,000 (2022: \$115,000,000) for the Company.

Surplus arising on revaluation of land and buildings recognised in OCI was \$85,853,000 (2022: \$255,247,000) for the Group and \$67,102,000 (2022: \$185,649,000) for the Company determined as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revaluation adjustment recognized (Note 17)	114,471	340,329	89,469	247,532
Deferred taxation on revaluation adjustment (Note 20)	(28,618)	(85,082)	(22,367)	(61,883)
Revaluation gain recognized net of tax	<u>85,853</u>	<u>255,247</u>	<u>67,102</u>	<u>185,649</u>

#### 6. Investment properties

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of year	294,399	318,001	-	65,000
Additions	3,340	11,338	-	-
Transfer from property, plant, and equipment	93,722	-	-	-
Disposal	-	(65,000)	-	(65,000)
Change in fair value, net (note 26)	<u>35,259</u>	<u>30,060</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>426,720</u>	<u>294,399</u>	<u>-</u>	<u>-</u>

Investment properties comprise commercial properties and land held for capital appreciation and rental income. Investment properties are valued annually by an independent professional valuer.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 6. Investment properties (continued)

Except as noted below, investment properties were valued in September 2023 by K.B. Real Estate Company Limited, a independent licensed valuator.

Certain of the Group's investment properties are held as collateral against a loan from The Bank of Nova Scotia Jamaica Limited (note 19).

Rental income earned on the commercial properties during the year amounted to \$7,645,000 (2022: \$12,163,000) for the Group and \$Nil (2022: \$2,050,000) for the company. The related expenses totaled \$4,733,000 (2022: \$796,972) for the Group and \$Nil (2022: \$Nil) for the company.

Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

During the year ended 30 September 2022, an investment property valued at \$65,000,000 was sold to a related party.

The fair value measurement for investment properties of \$426,720,000 (2022: \$294,399,000) for the Group and \$Nil (2022: \$Nil) for the company have been categorised as Level 3 in the fair value hierarchy. The following table shows the valuation techniques used in measuring fair value as well as the significant unobservable inputs used.



## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 6. Investment properties (continued)

One of the Group's investment properties was sold subsequent to the year end and is stated in the financial statements at its net realisable value.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p><b>Market based approach</b></p> <p>The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution.</p> <p>The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past.</p> <p>However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.</p>	<ul style="list-style-type: none"> <li>• Details of the sales of comparable properties.</li> <li>• Conditions influencing the sale of the comparable properties.</li> <li>• Comparability adjustment.</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Sale value of comparable properties were higher/(lower).</li> <li>• Comparability adjustment were higher/(lower).</li> </ul>

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 7. Intangible assets

	<b>Computer software licenses</b>	
	<b>Group</b>	<b>Company</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost:</b>		
1 October 2021	5,097	2,793
Additions	9,522	3,019
Disposal	(1,501)	-
30 September 2022	13,118	5,812
Additions	2,216	1,679
30 September 2023	15,334	7,491
<b>Amortisation:</b>		
1 October 2021	2,908	1,787
Charge for the year	1,692	475
Eliminated on disposal	(896)	-
30 September 2022	3,704	2,262
Charge for the year	2,430	974
30 September 2023	6,134	3,236
<b>Carrying value:</b>		
30 September 2023	9,200	4,255
30 September 2022	9,414	3,550

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 8. Investments in subsidiaries

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
LTJ Managers Limited	-	-	12,872	12,872
H. Mahfood & Sons Limited	-	-	5,547	5,547
H. Mahfood & Sons 2020 Limited	-	-	30	30
KIW International Limited	-	-	67,061	67,061
QWI Investments Limited	-	-	333,757	333,757
Bay City Foods Limited	-	-	1	1
Caribbean Dreams Foods Limited	-	-	10	-
	-	-	419,278	419,268

#### 9. Due from/ (to) subsidiaries

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
LTJ Managers Limited	-	-	42,683	40,023
H. Mahfood & Sons Limited	-	-	995,033	765,183
H. Mahfood & Sons 2020 Limited	-	-	66,854	65,885
KIW International Limited	-	-	1,173	(525)
QWI Investments Limited	-	-	2,545	863
Bay City Foods Limited	-	-	46,730	27,626
Caribbean Dreams Foods Limited	-	-	8,381	-
	-	-	1,163,399	899,055

Balances due from / (to) subsidiaries are interest free, unsecured and have no fixed repayment terms. However, it is not the intention of the company to demand repayment within the next twelve (12) months.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 10. Right-of-use asset and related lease obligation

##### (i) Amounts recognized in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases: -

##### Right-of-use asset

	<b>The Group and Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance as at beginning of year	13,202	-
Addition	-	19,803
Amortization	(6,601)	(6,601)
Balance as at end of year	<u>6,601</u>	<u>13,202</u>

##### Lease liability

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance as at beginning of year	14,798	-
Addition	-	19,803
Lease payments	(6,600)	(6,600)
Interest expense	856	1,595
Balance as at end of the year	<u>9,054</u>	<u>14,798</u>

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	6,600	6,600
Non-current	2,454	8,198
Balance as at end of year	<u>9,054</u>	<u>14,798</u>

##### (ii) Amounts recognized in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	<b>The Group and Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Amortization charge of right-of-use asset (included in administrative expenses)	6,601	6,601
Interest expense (included in finance costs)	<u>856</u>	<u>1,595</u>

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 10. Right-of-use assets and related lease obligations (continued)

##### (iii) Amounts recognized in the Statement of Cash Flows

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Total cash outflows for leases	<u>6,600</u>	<u>6,600</u>

The Group leases investment properties, which are classified as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

#### 11. Investment securities

	<u>The Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Investment securities at Fair Value through Profit and Loss (FVTPL):		
Trinidad and Tobago quoted equities	80,437	69,961
United States quoted equities	436,738	272,759
Jamaican quoted equities	<u>1,490,154</u>	<u>1,637,917</u>
	<u>2,007,329</u>	<u>1,980,637</u>

Certain of the quoted equities are held as collateral for margin loans and a bank overdraft facility (Note 19 and 23).

Included in Jamaican quoted equities are United States dollar stocks worth US\$111,283 (2022: US\$122,000).

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 12. Inventories

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Manufacturing:</b>				
Finished goods	126,965	177,028	126,965	177,028
Goods in transit	5,117	15,998	5,117	15,998
Raw material	438,760	389,804	438,760	389,804
	570,842	582,830	570,842	582,830
<b>Retail</b>	34,470	33,707	-	-
<b>Development:</b>				
Housing under construction	793,214	575,379	-	-
	1,398,526	1,191,916	570,842	582,830

For year ended 30 September 2023, inventories valuing \$6,308,000 (2022: \$6,542,000) were written off to the statements of comprehensive income for the Group and the Company.

#### 13. Receivables

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables	312,580	387,053	306,357	382,639
Other receivables	53,424	10,868	18,048	9,213
	366,004	397,921	324,405	391,852
Less: Expected credit loss provision (Note 3(a))	(3,460)	(18,799)	(3,460)	(18,799)
	362,544	379,122	320,945	373,053
Due from brokers	-	49,372	-	-
Prepayments	30,775	101,912	22,374	38,589
	393,319	530,406	343,319	411,642

(a) Included in trade receivables for the Group and Company is \$47,903,000 (2022: \$66,859,000) due from a related party, Amalgamated Distributors Limited, in the ordinary course of business (note 35).

(b) Amount due from brokers represents amounts due to QWI Investments Limited by brokerage firms from securities sales.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 14. Cash and short-term deposits

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash at bank and in hand				
Cash at bank	60,100	81,671	32,683	29,476
Cash in hand	330	1,485	100	100
	<u>60,430</u>	<u>83,156</u>	<u>32,783</u>	<u>29,576</u>
Short term placements	2,645	17	-	17
	<u>63,075</u>	<u>83,173</u>	<u>32,783</u>	<u>29,593</u>

Cash at bank substantially comprise term, savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the Group and Company's term, savings and operating account ranges from 0% to 0.40% (2022: 0% to 0.40%).

Short term placements are held at licensed financial institutions and attract interest ranging from 1.05% to 8.15% per annum. They all have remaining maturities of less than one year, substantially comprise Reverse Repurchase Agreements on Certificates of Participation, consisting of interest in, or is collateralised by mainly Government of Jamaica and Bank of Jamaica Securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed primarily by reviews of the financial status of the counterparty.

#### 15. Share capital

(a)	<u>2023</u>		<u>2022</u>	
	<u>\$'000</u>	<u>No. of shares</u>	<u>\$'000</u>	<u>No. of shares</u>
<b>Share capital:-</b>				
Authorised ordinary shares of no par value		Unlimited		Unlimited
Stated capital:				
In issue at October 1	261,342	2,158,605,377	241,344	2,146,150,377
Exercise of share options (15(b))	3,600	4,800,000	19,998	12,455,000
In issue at September 30 – fully paid ordinary shares of no par value	<u>264,942</u>	<u>2,163,405,377</u>	<u>261,342</u>	<u>2,158,605,377</u>

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 15. Share capital (continued)

##### (b) Share purchase plan (equity-settled) (continued):

At the Annual General Meeting (AGM) held on March 2, 2011, the stockholders passed a resolution for 16,000,000 of the authorised but unissued shares of the company to be set aside as part of a stock option plan for directors and a stock purchase plan for employees, to be issued in two tranches of 8,000,000 shares to be issued between June 2011 and June 2021. The shares allocated for the staff are to be priced as a 10% discount to the last stock market selling price on the date the offer is taken up. The staff will be given a specific time in each year in which to take up the offer and they can access an interest free loan for a three-year term to acquire the shares.

The exercised price of the directors' shares was originally approved at the AGM in 2011 at \$7 each, now \$1.75 per share, adjusted for the 2-for-1 splits that happened between 2011 and 2016. As at September 30, 2020, all shares allocated under tranche one of this authorised option were fully issued or were expired.

At the Annual General Meeting held on March 16, 2016, the shareholders approved a resolution for the second tranche of 8,000,000 shares before the stock split (16 million – post-split) be issued to the directors at a price of \$9 or \$4.50 after the effect of the stock split and that the expiry date of tranches 1 and 2 shall be five years from the date each yearly allotment becomes effective.

At the Annual General Meeting (AGM) held on April 12, 2017, the shareholders passed a resolution for the company to sub-divide its share capital into two (2) shares for each existing shares, resulting in the total number of authorised shares being increased to 1,000,000,000 ordinary shares at no par value and the total number of issued shares being increased to 674,833,460 of no par value with effect from April 19, 2017.

In 2017, five directors exercised options to acquire shares in the company pursuant to their share option plans to purchase 7,200,000 shares at an exercise price of \$1.75 per share amounting to \$12,600,000.

In 2018, four directors exercised their options to acquire shares in the company pursuant to their share option plan to purchase 3,200,000 shares at the exercise price of \$1.75 per share amounting \$5,600,000. Also, 800,000 shares were issued to employees pursuant to their employee stock purchase plan amounting \$1,541,000.

In 2019, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of \$1.75 per share amounting to \$5,600,000. In addition, 2,100,000 shares were issued to staff pursuant to their employee stock purchase plan amounting to \$3,388,000.



## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 15. Share capital (continued)

##### (b) Share purchase plan (equity-settled) (continued):

In 2020, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of \$1.75 per share amounting to \$5,600,000.

On 17 November 2020 shareholders in an Extraordinary General Meeting approved a resolution that 56,000,000 shares be set aside as part of a stock option plan for Directors and senior executives to be issued between 30 November 2020 and 30 November 2025. The exercise price was \$10 per share before giving effect to the effects of the 3 for 1 share division referred to below.

On 17 November 2020, by way of resolution, the Board approved a 3-for-1 split for ordinary shares, on record on November 30, 2020. This was approved by shareholders at an extra-ordinary general meeting on 17 November 2020.

During 2021, five (5) directors exercised their options, adjusted for splits, to acquire shares in the company pursuant to their share purchase agreement to purchase 40,800,000 shares at the exercise price of \$0.75 per share, amounting to \$30,600,000, and 1,500,000 shares at the exercise price of \$3.33 per share, amounting to \$4,995,000. In addition, one staff member was issued 9,000,000 shares at the exercise price of \$1.66 per share, amounting to \$15,000,000, pursuant to the employee stock purchase plan.

During 2022, three (3) directors exercised their options, to acquire shares in the company pursuant to their share purchase agreement to purchase 4,800,000 shares at the exercise price of \$0.75 per share, amounting to \$3,600,000, and 2,600,000 shares at the exercise price of \$3.33 per share, amounting to \$8,658,000. In addition, eight (8) staff members were issued 5,055,000 shares at the exercise price of \$1.66 and \$1.33 per share, amounting to \$7,740,000 pursuant to the employee stock purchase plan.

During the current year, two (2) directors exercised their options, to acquire shares in the company pursuant to their share purchase agreement to purchase 4,800,000 shares at the exercise price of \$0.75 per share, amounting to \$3,600,000.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 16. Capital reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(a) Realised surplus: -				
Gain on disposal on investment property	90,425	90,425	-	-
Gain on disposal of property, plant and	6,759	6,759	-	-
Waiver of directors' loan	229	229	-	-
Gain on disposal of investments	9,556	9,556	3,455	3,455
	<u>106,969</u>	<u>106,969</u>	<u>3,455</u>	<u>3,455</u>
(b) Franked income*	<u>44,332</u>	<u>31,909</u>	<u>16,455</u>	<u>16,455</u>
	<u>151,301</u>	<u>138,878</u>	<u>19,910</u>	<u>19,910</u>

\*This represents dividends and distributions earned from equity investments which have been taxed at source and can therefore be distributed to shareholders free of tax. These amounts have therefore been transferred from retained earnings to a reserve fund.

#### 17. Revaluation reserves

Revaluation reserve represents unrealised surplus on the revaluation of freehold land and buildings and plant and machinery, and is made up as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	255,247	-	185,649	-
Revaluation adjustments (Note 5)	114,471	340,329	89,469	247,532
Less: deferred tax on revaluation adjustment (Note 20)	<u>(28,618)</u>	<u>(85,082)</u>	<u>(22,367)</u>	<u>(61,883)</u>
Balance at end of year	<u>341,100</u>	<u>255,247</u>	<u>252,751</u>	<u>185,649</u>
Comprising:	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Revaluation gains	454,800	340,329	337,001	247,532
Deferred taxation on revaluation gains (Note 20)	<u>(113,700)</u>	<u>(85,082)</u>	<u>(84,250)</u>	<u>(61,883)</u>
Balance at end of year	<u>341,100</u>	<u>255,247</u>	<u>252,751</u>	<u>185,649</u>

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 18. Non-controlling interests

This represents non-controlling interests in the company's subsidiaries as follows:

	% interest	
	2023	2022
KIW International Limited ("KIW")	46.09%	46.09%
QWI Investments Limited ("QWI")	63.93%	63.93%

The following table summarises the information relating to KIW and QWI that have material non-controlling interests (NCI), before any intra-group eliminations.

	2023			Total \$'000
	KIW \$'000	QWI \$'000	Intra \$'000	
Non-current assets	158,077	2,004,782	-	2,162,859
Current assets	4,670	17,158	-	21,828
Non-current liabilities	-	125,625	-	79,265
Current liabilities	(4,802)	(210,552)	-	(215,354)
Net assets	157,945	1,937,013	-	2,048,598
NCI share of subsidiary net assets	72,797	1,238,392	(187,705)	1,093,786
Revenue	(26,634)	59,018	-	32,384
Total comprehensive profit/(loss) for the year	(28,429)	(44,119)	-	(26,282)
Comprehensive profit/(loss) allocated to NCIs	(13,103)	(28,206)	-	(11,730)
Cashflow from operating	(2,760)	31,728	-	28,968
Cashflow from investing	3,701	-	-	3,701
Cashflow from financing	1,698	(224,528)	-	(222,830)
Net decrease in cash and cash equivalents	2,639	(192,800)	-	(190,161)

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 18. Non-controlling interests (continued)

	<b>2022</b>			<b>Total</b>
	<b>KIW</b>	<b>QWI</b>	<b>Intra group</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Non-current assets	187,425	1,980,637	-	2,168,062
Current assets	6,216	151,081	-	157,297
Non-current liabilities	-	(22,910)	-	(22,910)
Current liabilities	(7,266)	(378,832)	-	(386,098)
Net assets	186,375	1,729,976	-	1,916,351
NCI share of subsidiary net assets	85,900	1,105,990	(86,374)	1,105,516
Revenue	2,600	44,378	-	46,978
Total comprehensive profit/(loss) for the year	483	(49,407)	-	(48,924)
Comprehensive profit/(loss) allocated to NCIs	223	(31,586)	(1)	(31,362)
Cashflow from operating	6,205	152,379	-	158,584
Cashflow from investing	9,000	-	-	9,000
Cashflow from financing	(15,220)	(115,703)	-	(130,923)
Net increase in cash and cash equivalents	(15)	36,676	-	36,661

#### Acquisition of NCI

During 2022, the Group acquired an additional 4.46% interest in QWI Investments Limited and an additional 4.02% in KIW International Limited increasing its ownership from 31.61% to 36.07% in QWI Investments Limited and from 49.89% to 53.91% in KIW International Limited.

	<b>2022</b>		
	<b>KIW</b>	<b>QWI</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount of NCI acquired	100	64,634	64,734
Consideration paid to NCI	(100)	(45,085)	(45,185)
An increase in equity attributable to owners off the company	-	19,549	19,549

The increase in equity attributable to owners of the company comprised an increase in retained earnings of \$19,549,000.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 19. Long-term loans

		The Group		The Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Bank of Nova Scotia Jamaica Limited	(a)	-	103,333	-	103,333
Bank of Nova Scotia Jamaica Limited	(b)	83,333	-	83,333	-
Bank of Nova Scotia Jamaica Limited	(c)	21,860	24,807	21,860	24,807
Bank of Nova Scotia Jamaica Limited	(d)	7,750	17,135	7,750	17,136
Bank of Nova Scotia Jamaica Limited	(e)	31,466	-	31,466	-
Bank of Nova Scotia Jamaica Limited	(f)	15,600	-	-	-
Bank of Nova Scotia Jamaica Limited	(g)	19,799	-	-	-
Margin loans	(h)	154,140	396,890	32,225	50,446
Sagicor Bank Jamaica Limited	(i)	3,532	4,377	3,532	4,377
Vendor's Mortgage	(j)	45,000	45,000	-	-
		382,480	591,542	180,166	200,099
Less: current portion		(90,878)	(27,119)	(37,709)	(27,119)
		291,602	564,423	142,457	172,980

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 19. Long term loans (continued)

- (a) This loan, which was received in December 2017, attracted interest at 8.25% and was repayable over 59 equal monthly instalments and one final payment of \$101,667,000. The loan was refinanced during the year (see (b) below).
- (b) This was issued to refinance loan (a) and is repayable in 59 equal monthly payments of \$1,666,667 and one final payment of \$1,666,627. This loan attracts a fixed interest rate of 8.50% per annum for years 1-2 and thereafter Six-Months Weighted Average Treasury Bill Yield Rate of the most recent Six-Month Bank of Jamaica Treasury Bill tender plus 2.50% per annum, with quarterly resets effective the first of January, April, July and October.
- (c) This loan, which was received in May 2021, is repayable over 59 equal monthly payments of \$245,617 followed by a bullet payment of \$14,982,597. This loan attracts interest at a rate of 8% per annum for years 1-3 (ending February 2024). Thereafter, the Six-Months Weighted Average Treasury Bill Yield Rate of the most recent Six-Month Bank of Jamaica Treasury Bill tender plus 2.50% per annum, with quarterly resets effective the first of January, April, July and October.
- (d) This loan, which was received in April 2021, attracts interest at a rate of 7% per annum and is repayable over 60 equal monthly instalments of \$250,000.
- (e) This loan, which was received in September 2023 and attracts interest at a rate of 7% per annum. This loan is repayable over 42 equal monthly instalments of \$898,000.
- (f) This represents a non-revolving term loan facility of \$18,000,000 maturing on 27 January 2028, which was received on 27 January 2023, attracts interest at 8.5% per annum and is repayable in 60 equal monthly installments of \$300,000.
- (g) This represents a non-revolving term loan facility of \$22,845,000,000 maturing on 27 January 2028, which was received on 27 January 2023, attracts interest at 8.5% per annum and is repayable in 60 equal monthly installments of \$380,750.
- (h) This represents debt facilities provided by Victoria Mutual Investments Limited, Aegis Capital Corp and Mayberry Investments Limited to the company and a subsidiary to acquire securities held on their own account. The facilities attract interest at 15.5%, 10.5% and 13% respectively and are collateralised by the securities held with the brokerage firms.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 19. Long term loans (continued)

- (i) This loan was received in January 2022 and attracts interest at a rate of 6% per annum. The loan is repayable over a period of 60 months in instalments of \$97,631.
- (j) This loan, which was received in July 2022, attracts interest of 3.25% per annum. Interest only is repayable within the first twelve months of the loan in equal instalments of \$243,750. The principal is repayable in a bullet payment on July 30, 2024.

Loans (b), (e), (f) and (g) are secured by:

- (i) A demand debenture dated 3 November 2017 aggregately stamped in the amount of \$321,000,000 creating a fixed charge over all the assets of the company.
- (ii) First, Second and Third Legal Mortgages stamped for an aggregated amount of \$205,000,000 over commercial real estate in the name of Jamaican Teas Ltd. registered at Volume 1026 Folio 274.
- (iii) 4<sup>th</sup> and 5<sup>th</sup> Legal Mortgages stamped collateral in the amounts of \$58,000,000 and \$115,000,000 over commercial real estate in the name of Jamaican Teas Ltd. registered at Volume 1026 Folio 274.

Facilities (f) and (g) are also secured by:

- (i) General Security Agreement in the name of Caribbean Dreams Foods Limited over Horizontal Form-Fill Seal (HFFS) machine being purchased for \$32,635,200; stamped \$22,845,000.
- (ii) General Security Agreement in the name of Caribbean Dreams Foods Limited over Universal Pack BU4T square teabag machine being purchased for \$25,785,000; stamped \$18,000,000.

Loans (c) and (d) are secured by First Legal Mortgage stamped in the amount of \$120,000,000 over commercial real estate in the name of H. Mahfood and Sons Ltd., registered at Volume 1738 Folio 211. The loans are also secured by the assignment of fire, all risk and all perils insurance and business interruption insurance over the properties listed in the Mortgage.

All Bank of Nova Scotia Jamaica Limited facilities are secured by Unlimited Guarantee given by H. Mahfood & Sons Limited and Caribbean Dreams Foods Limited as well as Limited Guarantee given by Bay City Foods Limited.

Loan (i) is secured by security agreement over sterilized equipment valued at \$5,309,000 (in registrable form).

Loan (j) is secured by a mortgage stamped in the amount of \$45,000,000 over property registered in the name of a subsidiary.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 20. Deferred tax liabilities

Deferred tax assets/(liabilities) is calculated in full on all temporary differences under the liability method using the applicable tax rate.

Deferred tax assets/(liabilities) recognised on the statement of financial position are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Deferred tax liabilities	<u>(97,153)</u>	<u>(86,419)</u>	<u>(104,905)</u>	<u>(87,170)</u>

The movement on the net deferred tax assets/(liabilities) balance is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Net (liabilities)/assets at the beginning of year	(86,419)	2,113	(87,170)	(12,112)
Deferred tax credited/(charged) to profit and loss (Note 29)	17,884	(3,450)	4,632	(13,175)
Deferred tax charged to OCI (Note 17)	<u>(28,618)</u>	<u>(85,082)</u>	<u>(22,367)</u>	<u>(61,883)</u>
Net liabilities at the end of year	<u>(97,153)</u>	<u>(86,419)</u>	<u>(104,905)</u>	<u>(87,170)</u>



## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 20. Deferred tax liabilities (continued)

Deferred tax assets/(liabilities) is attributable to the following items:

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets/(liabilities):				
Unrealised revaluation surplus on property, plant and equipment (Note 17)	(113,700)	(85,082)	(84,250)	(61,883)
Accelerated tax depreciation on property, plant and equipment	(12,116)	(9,302)	(17,885)	(15,898)
Right-of-use assets, net of lease obligations	854	399	613	399
Interest payable	505	1,054	-	265
Unrealised gains on investments	(41,400)	(25,764)*	-	-
Unrealised gains on investment properties	(17,977)	(16,492)	-	-
Interest receivable	-	(505)	-	-
Unrealised foreign exchange gains	(4,248)	(10,053)	(4,248)	(10,053)
Tax losses	90,064	59,326*	-	-
Other	865	-	865	-
Net deferred tax liabilities at end of year	<u>(97,153)</u>	<u>(86,419)</u>	<u>(104,905)</u>	<u>(87,170)</u>

\*Restated (Note 36)

The amounts shown in the statement of financial position include the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets/(liabilities) to be recovered/(settled):				
- less than 12 months	-	-	-	-
- after more than 12 months	(97,153)	(86,419)	(104,905)	(87,170)
	<u>(97,153)</u>	<u>(86,419)</u>	<u>(104,905)</u>	<u>(87,170)</u>

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 21. Payables

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade payables*	191,275	211,894	120,520	163,604
Due to brokers**	30,298	803	-	-
Other payables	73,766	133,853	18,662	70,767
	<u>295,339</u>	<u>346,550</u>	<u>139,182</u>	<u>234,371</u>

\* The Group and the Company include \$10,447,000 (2022: \$9,337,000) due to a related party, Amalgamated Distributors Limited (ADL) and \$Nil (2022: \$5,000,000) due to a close family member of a director in the ordinary course of business (see note 35).

\*\* Due to brokers represents investments purchase transactions through a brokerage firm awaiting settlement.

#### 22. Short-term loans

		The Group		The Company	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
Demand loans	(a)	98,924	100,959	98,394	100,959
Other loans	(b)	10,731	14,850	10,731	14,529
		<u>109,655</u>	<u>115,809</u>	<u>109,125</u>	<u>115,488</u>

(a) These loans are due to related parties and attract interest at a rate of 6% per annum. These loans are not secured and have no fixed repayment terms and are payable on demand (see note 35).

(b) Other loans include mainly credit card balances which are unsecured and have no fixed repayment terms. Interest is charged at the rates of 12.95% per annum. Interest is charged on outstanding balances not paid by the due date. The Group normally repays amounts owing on or before the due date.

A credit card not exceeding \$45,000,000, was granted to assist with business expenses and working capital support.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 23. Bank overdraft

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Bank of Nova Scotia Jamaica Limited	(a) 125,872	-	76,937	-
Sagicor Bank Jamaica Limited	(b) 126,689	-	23,998	-
	<u>252,561</u>	<u>-</u>	<u>100,935</u>	<u>-</u>

- (a) The Company operates approved overdraft facility not exceeding \$140 million at a rate of 9% per annum and granted to provide working capital support and for general business-related expenses.

As at 30 September 2023, a subsidiary's assets were charged in the sum of \$112,075,835 (2022: \$101,559,232) in favour of The Bank of Nova Scotia Limited. The assets charged, comprised listed shares owned by the company and were pledged to secure an overdraft facility of \$50,000,000 at an interest rate of 8% (2021:8.5%) per annum. As at the reporting year end, the balance outstanding under this facility is \$48,766,996 (2022: \$Nil).

- (b) The Company operates approved overdraft facility with Sagicor Bank Jamaica Limited at a limit of \$30 million at a rate of 9% per annum granted to provide working capital support and for general corporate purposes and/or business-related expenses.

Interest is calculated in respect of the amount for the time being overdrawn under the facility on the basis of the number of days elapsed at a rate equivalent to 9% per annum. Interest so calculated will be payable monthly in arrears.

As at 30 September 2023, a subsidiary's assets were charged in the sum of \$400 million in favour Sagicor Bank Jamaica Limited to secure an overdraft facility of \$200 million at an interest rate of 9.5%. The company also issued a demand debenture of \$200 million over its investments. As at the reporting year end, the balance outstanding under this facility is \$102,690,762 (2022: \$Nil).

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 24. Operating revenue

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Export sales- manufacturing	1,263,644	1,171,636	1,263,644	1,171,636
Domestic sales - manufacturing	694,161	684,300	694,161	684,300
Retail sales	731,808	602,905	-	-
Sale and rental of properties	7,645	10,113	-	-
	<u>2,697,258</u>	<u>2,468,954</u>	<u>1,957,805</u>	<u>1,855,936</u>

Revenue represents the price of goods sold or services rendered to customers and is stated net of discounts and allowances and General Consumption Tax.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 25. Expenses by nature

(a) Cost of operating revenue	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cost of inventories recognised as expense	1,828,848	1,692,615	1,251,580	1,213,600
Inventory write-offs	6,308	6,542	6,308	6,542
Depreciation	15,552	12,675	11,610	8,460
Amortization of intangible asset	1,456	1,217	-	-
Machinery repairs and maintenance	32,038	26,623	29,918	25,224
Staff costs (Note 28)	157,003	125,342	131,702	100,822
Utilities	25,825	19,790	17,115	10,178
Other costs of operating revenue	54,193	41,152	52,876	39,988
	<u>2,121,223</u>	<u>1,925,956</u>	<u>1,501,109</u>	<u>1,404,814</u>
<b>(b) Administrative expenses</b>				
Audit fee	21,873	31,122	11,158	19,299
Bad debt expense	6,901	7,554	6,901	7,554
Motor vehicle repairs and maintenance	7,979	8,027	7,979	8,027
Depreciation - admin	33,256	21,150	33,256	19,747
Depreciation - leases	6,601	6,601	6,601	6,601
Amortization of intangible assets	974	475	974	475
Director's emoluments:				
- Fees	15,008	8,188	7,458	5,463
- Management remuneration	31,865	32,776	17,980	23,386
Impairment losses	20,807	-	-	-
Rental and security	4,710	11,572	4,710	4,119
Legal and professional fees	18,114	29,609	11,790	15,675
Utilities	6,815	6,842	6,725	6,399
Staff costs (Note 28)	89,145	76,639	74,999	65,622
Insurance	26,664	18,399	18,454	12,844
Local and overseas travel	15,938	11,115	15,938	10,610
Investment committee fees	10,948	15,966	-	-
Irrecoverable General Consumption	240	6,340	-	-
Other administration expense	61,320	54,487	19,468	20,810
	<u>379,158</u>	<u>346,862</u>	<u>244,391</u>	<u>226,631</u>
<b>(c) Selling and distribution expenses:</b>				
Advertising and promotions	<u>51,258</u>	<u>37,960</u>	<u>46,053</u>	<u>34,262</u>
Impairment gain recognised on:				
Trade receivables (Note 3(a))	(11,391)	(3,949)	(11,391)	(3,949)
Other receivables (Note 3(a))	(3,948)	(1,882)	(3,948)	(1,882)
Related party (Note 3(a))	-	-	(78,526)	-
	<u>(15,339)</u>	<u>(5,831)</u>	<u>(93,865)</u>	<u>(5,831)</u>

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 26. Other income

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest income	1,324	1,633	66	3,180
Rental income	1,535	3,671	-	2,050
Dividend income	44,389	39,418	-	12,485
Gain on disposal of property, plant and equipment	-	534	-	534
Realised loss on sale of investment property	-	(1,543)	-	(1,543)
Realised loss on sale of investments	(25,206)	(7,305)	-	-
Increase in fair value of investment properties (note 6)	35,259	30,060	-	-
Foreign exchange gain, net	14,555	684	16,996	(301)
Miscellaneous income	3,806	4,783	22,885	31,133
	<u>75,662</u>	<u>71,935</u>	<u>39,947</u>	<u>47,538</u>

#### 27. Operating profit

In arriving at the operating profit, the following have been charged: -

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Auditors' remuneration	21,873	31,122	11,158	19,299
Amortization of intangible assets	974	475	974	475
Depreciation-admin	33,256	21,150	33,256	19,747
Depreciation - leases	6,601	6,601	6,601	6,601
Directors' emoluments:				
- Fee	15,008	8,188	7,458	5,463
- Management remuneration	31,865	32,776	17,980	23,386
Staff costs (Note 28)	246,148	201,981	206,701	166,444

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 28. Staff costs

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	235,686	177,945	198,301	142,408
Pension	2,488	3,160	2,385	3,160
Other employee benefits	7,974	20,876	6,015	20,876
	<u>246,148</u>	<u>201,981</u>	<u>206,701</u>	<u>166,444</u>
Included in profit or loss as:				
Direct manufacturing labour (Note 25(a))	157,003	125,342	131,702	100,822
Administration (Note 25(b))	89,145	76,639	74,999	65,622
	<u>246,148</u>	<u>201,981</u>	<u>206,701</u>	<u>166,444</u>

#### 29. Taxation

- (a) Taxation is computed at 25% of the profit for the year adjusted for taxation purposes and comprises:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current tax expense:				
Current tax expense- current year:	45,500	32,632	34,086	38,607
Urban renewal tax relief	(721)	(2,025)	-	-
	<u>44,779</u>	<u>30,607</u>	<u>34,086</u>	<u>38,607</u>
Deferred tax expense:				
Originating and reversal of temporary differences (Note 20)	(17,884)	3,450	(4,632)	13,175
	<u>26,895</u>	<u>34,057</u>	<u>29,454</u>	<u>51,782</u>

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 29 Taxation (continued)

- (b) The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Profit before taxation	213,133	196,641	271,851	220,257
Tax calculated at the appropriate rate @ 25%	53,283	49,160	67,963	55,064
Adjusted for the effects of: -				
Expenses not allowed for tax purposes	17,936	5,258	1,313	13,690
Employers tax credit	(16,632)	(18,336)	(14,609)	(16,972)
Other charges and allowances	(23,472)	-	(25,213)	-
Dividend income	(3,499)	-	-	-
Adjustment for the effect of remission of tax	(721)	(2,025)	-	-
	26,895	34,057	29,454	51,782

- (c) As at September 30, 2023, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits for the Group aggregated \$377,156,000 (2022: \$563,520,000) and \$Nil (2022: \$Nil) for the company. As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.

- (d) Remission of income tax

By notice dated August 13, 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMSE) if certain conditions were achieved after the date of initial admission.



## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 29 Taxation (continued)

(d) Remission of income tax (continued)

Effective July 3, 2010, the company's shares were listed on the JMJSE. Consequently, the company is entitled to a remission of income taxes for ten years in the proportion set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5: (July 1, 2010 – June 30, 2015) – 100%

Years 6 to 10: (July 1, 2015 – June 30, 2020) – 50%.

The financial statements have been prepared on the basis that the company does not have the benefit of further tax remissions, as these have now fully expired.

- (e) By notice dated April 30, 2019, the Minister of Finance and the Public Service issued a gazette in favour of a subsidiary within the Group, designating it as an Approved Developer as cited by the Urban Renewal Act. The order is effective from 2019 to 2029. With this gazette, the subsidiary receives tax relief under the Urban Renewal (Tax Relief) Act for all developments undertaken on the gazetted property.

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 30. Segment financial information

	<b>2023</b>				
	<b>Manufacturing</b>	<b>Retailing</b>	<b>Real Estate</b>	<b>Investments</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross revenue	1,957,805	731,808	13,645	-	2,703,258
Inter-segment revenue	-	-	(6,000)	-	(6,000)
Revenue from external customers	1,957,805	731,808	7,645	-	2,697,258
Segment profit/(loss)	201,777	62,713	37,695	(24,297)	277,888
Finance costs	(28,213)	(77)	(2,438)	(34,028)	(64,756)
Profit/(loss) before taxation	173,564	62,636	35,257	(58,325)	213,132
Taxation charge					(26,895)
Non-controlling interest					41,309
Profit attributable to equity holders of the parent					227,546
Segment assets	2,838,035	72,370	281,837	2,025,706	5,217,948
Segment liabilities	705,193	49,507	82,955	341,154	1,178,809
<u>Other segment information</u>					
Capital expenditure	88,881	18,314	3,340	-	110,535
Depreciation and amortization	52,441	5,398	-	-	57,839
Fair value gains from revaluation of investments at FVTPL	-	-	-	41,268	41,268
Other income	17186	3,700	35,486	19,290	75,662

# Jamaican Teas Limited

## Notes to the Financial Statements 30 September 2023

### 30. Segment financial information (continued)

	<b>2022</b>				
	<b>Manufacturing</b>	<b>Retailing</b>	<b>Real Estate</b>	<b>Investments</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross revenue	1,855,936	602,905	14,913	-	2,473,754
Inter-segment revenue	-	-	(4,800)	-	(4,800)
Revenue from external customers	1,855,936	602,905	10,113	-	2,468,954
Segment profit/(loss)	202,061	42,294	23,709	(21,162)	246,902
Finance costs	(23,341)	(124)	(488)	(26,308)	(50,261)
Profit/(loss) before taxation	178,720	42,170	23,221	(47,470)	196,641
Taxation charge					(34,057)
Non-controlling interest					31,364
Profit attributable to equity holders of the parent					193,948
Segment assets	1,591,365	152,672	1,010,967	2,184,351	4,939,355
Segment liabilities	(667,608)	(104,056)	(3,398)	(400,844)	(1,175,906)
<u>Other segment information</u>					
Capital expenditure	48,936	24,114	106,547	-	179,597
Depreciation and amortization	35,283	6,835	-	-	42,118
Fair value gains from revaluation of investments at FVTPL				10,960	10,960
Other income	6,002	2,667	29,775	33,491	71,935

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 31. Earnings per share

##### a) Basic earnings per ordinary stock unit

Basic earnings per stock unit are calculated by dividing the net profits attributable to members by the number of stock units in issue during the year.

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
Net profit attributable to stockholders (\$'000)	227,545	193,948
Weighted average number of ordinary stocks units in issue, basic	2,159,805,377	2,152,699,525
Basic earnings per stock unit (\$)	0.11	0.09

##### b) Diluted earnings per ordinary stock unit

Diluted earnings per stock unit are calculated by dividing the profit attributable to ordinary shareholders by a weighted number of ordinary stock units outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
Net profit attributable to stockholders (\$'000)	227,545	193,948
Weighted average number of fully diluted stock units in issue	2,358,675,371	2,353,469,519
Diluted earnings per stock unit (\$)	0.10	0.08

The weighted average number of fully diluted stock units was arrived at as follows:

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of stock units in issue, basic	2,159,805,377	2,152,699,525
Effect of unexercised share options, weighted average	198,869,994	200,769,994
Weighted average number of fully diluted stock units at September 30	2,358,675,371	2,353,469,519

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

---

#### 32. Dividends

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Dividends paid to non-controlling interest	-	26,715

At the Board of Directors meeting held on February 14, 2022, the directors of a subsidiary declared and paid dividends of \$0.035 per share from franked income reserves to stockholders on record as at March 15, 2022. The balance disclosed represents dividends paid to stockholders with non-controlling interest. No dividend was declared in the current year.

#### 33. Impact of change in estimate

During prior year, the Group changed its accounting policy for owner occupied freehold land and buildings from the cost model to the fair value model. The Group decided to account for all owner-occupied properties using the revaluation model in line with IAS 16. These changes were made to take account of the fair values of owner-occupied freehold land and buildings. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the total comprehensive income of the Group for prior year was increased by \$255,247,000 net of taxes and that of the Company was increased by \$185,649,000 net of taxes.

#### 34. Contingent liabilities and commitments

- a) As at September 30, 2023, a subsidiary had capital commitments of \$Nil (2022: \$105,149,000) in relation to work in progress inventory for an apartment complex at Belvedere Road, Kingston and St Andrew. No provision was made in these financial statements for the unexpended capital commitments as at the reporting date although appropriate funding had been approved.
- b) As at September 30, 2023, a subsidiary has entered into an agreement to purchase a commercial property at Temple Hall, St. Andrew, for an amount of \$215 million, of which a deposit of \$22.8 million has already been paid. This purchase will be partially financed by a loan of \$177 million from the Bank of Nova Scotia Jamaica Limited.
- c) The Company has given an undertaking to support the operations of certain loss-making subsidiaries for the foreseeable future.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 35. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

- (a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or
- (b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the Group.

The tables below detail related party balances and transactions:

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Due from/ (to) subsidiaries (note 9):</b>				
Bay City Foods Limited	-	-	46,730	27,626
H. Mahfood & Sons Limited	-	-	995,033	765,183
H. Mahfood & Sons 2020 Limited	-	-	66,854	65,885
KIW International Limited	-	-	1,173	(525)
LTJ Managers Limited	-	-	42,683	40,023
QWI Investments Limited	-	-	2,545	863
Caribbean Dreams Foods Limited	-	-	8,381	-
	-	-	1,163,399	899,055

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 35. Related party balances and transactions (continued)

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
(b) Due from/ (to) related company: Amalgamated Distributors Limited (ADL) (related by common directors):				
Due from*	47,903	66,859	47,903	66,859
Due to***	(10,447)	(9,337)	(10,447)	(9,337)
(c) Trade payables due to close family member of a director ***	-	5,000	-	5,000
(d) Due to directors **	31,908	35,061	31,908	35,061
(e) Short-term borrowings due to a director and close family members **	66,486	65,898	66,486	65,898
	98,394	100,959	98,394	100,959
(f) Directors' emoluments:				
Fees	15,008	8,188	7,458	5,493
Management remuneration	31,865	32,776	17,980	23,386
(g) Transactions with related parties and subsidiaries-income/(expense):				
Sale of goods - ADL	576,866	563,092	576,866	563,092
Advertising and publishing - ADL	(3,107)	(10,397)	(3,107)	(10,397)
Management fees- subsidiaries	22,809	-	22,809	27,034
Sale of investment property- to close family members of director	-	65,000	-	65,000
QWI loan interest income	-	2,017	-	2,017

\*Included in receivables (note 13)

\*\* Included in short term borrowings (note 22)

\*\*\* Included in payables (note 21)

These amounts are not secured and have no fixed repayment terms and are payable on demand.

## Jamaican Teas Limited

### Notes to the Financial Statements 30 September 2023

#### 36. Restatement

During the year, a subsidiary discovered that realised gains or losses arising on the sale of shares was incorrectly calculated and applied for tax purposes, which impacted the amounts recognised for taxation. The error has been corrected by restating the affected financial statement line items for the year ended 30 September 2022. There was no impact on profit or loss for the year ended 30 September 2022.

The table below summarises the impact on the Group's financial statements:

	<b>The Group</b>		
	<b>As previously stated \$'000</b>	<b>2022 Adjustments \$'000</b>	<b>As restated \$'000</b>
<b>Deferred tax assets/(liabilities):</b>			
Property, plant and equipment	(94,384)	-	(94,384)
Right-of-use assets, net of lease obligations	399	-	399
Interest payable	1,054	-	1,054
Unrealised loss on investment	(107,318)	81,554	(25,764)
Investment properties	(16,492)	-	(16,492)
Interest receivable	(505)	-	(505)
Unrealised foreign exchange gains	(10,053)	-	(10,053)
Tax losses	140,880	(81,554)	59,326
Net deferred tax liabilities at end of year	(86,419)	-	(86,419)